

## Message Text

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PAGE 01 STATE 263556

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INFO OCT-01 NEA-01 ISO-00 EB-02 /004 R

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DRAFTED BY: OASIA/DPPO:EJGORDON/CB

APPROVED BY EB/IFD/ODF:JABWINDER

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P 062333Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

C O N F I D E N T I A L STATE 263556

FOLLOWING REPEAT LONDON 16601 ACTION SECSTATE INFO TOKYO  
CANBERRA MADRID OTTAWA JAKARTA BRASILIA STOCKHOLM BRUSSELS  
PARIS BONN ROME THE HAGUE COPENHAGEN EC-BRUSSELS 30 OCT

QUOTE

C O N F I D E N T I A L LONDON 16601

PASS TREASURY FOR EDGAR GORDON

E.O. 11652: XGDS-1

TAGS: EAID, EFIN, UK

SUBJEVT: IFC CAPITAL REPLENISHMENT

REF: A) STATE 242712 B) STATE 254120

1. EMBASSY IS GRATEFUL TO WASHINGTON FOR ADDITIONAL SUP-  
PORTING MATERIAL PROVIDED IN REF B. ON BASIS OF TWO REF-  
TELS, FINANCIAL ATTACHE PREPARED AIDE MEMOIRE WHICH HE  
USED AS BASIS OF DETAILED DISCUSSION WITH MALCOLM WIDDUP,  
UNDER SECRETARY, H.M. TREASURY, AND TOM BURGNER, ASSISTANT  
SECRETARY, H.M. TREASURY, ON OCTOBER 29. WIDDUP IS RE-  
SPONSIBLE IN H.M. TREASURY FOR IBRD AND IFC. FINANCIAL  
ATTACHE ASKED WIDDUP TO MAKE SURE COPIES OF AIDE MEMOIRE  
WERE DISTRIBUTED TO OVERSEAS DEVELOPMENT MINISTRY, FOREIGN  
OFFICE AND BANK OF ENGLAND IN ORDER TO UNDERLINE THROUGH-  
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PAGE 02 STATE 263556

OUT HMG IMPORTANCE THAT U.S. ATTACHES TO THE IFC CAPITAL

REPLENISHMENT.

2. WIDDUP, IN REPLY, SAID THE U.K. WOULD NOT WANT TO IMPEDE FURTHER DEVELOPMENT OF IFC FACILITIES BUT WHETHER OR NOT H.M. GOVERNMENT ITSELF TAKES PART IN THE REPLENISHMENT REMAINS UNDECIDED. MUCH WILL DEPEND ON RESPONSE TO BE GIVEN BY IFC OFFICIALS WHO VISITED LONDON LAST WEEK TO DETAILED QUESTIONS RAISED BY THE U.K. U.K. WAS NOT IMPRESSED BY IFC OFFICIALS' PRESENTATION AND PROPOSALS, FELT THAT TOO MANY QUESTIONS ABOUT THE POTENTIAL EXPANSION REMAINED UNANSWERED. UNTIL IFC DOES IN FACT GIVE MORE DETAILS AND ANSWERS TO SPECIFIC QUESTIONS THAT HAVE BEEN POSED, INTERNAL CONSIDERATION IN HMG WILL REMAIN IN ABEYANCE. ONE POINT TROUBLING HMG IS MINIMAL ADDITIONAL SUBSCRIPTION BEING REQUESTED FROM OPEC COUNTRIES, WHICH IS LESS THAN HALF THAT REQUESTED FROM THE UK WITH RESULTING OPEC VOTING PERCENTAGE 4.3 PERCENT AND THAT OF THE U.K. 10.3 PERCENT. INFORMAL COMMENTS FROM WIDDUP AND BURGNER INDICATED THAT THESE TYPE NUMBERS SIMPLY DO NOT REFLECT THE FACTS OF LIFE.

3. WIDDUP SAID UK PLACES A FAR GREATER PRIORITY IN ASSISTING IDA THAN IN ASSISTING IFC. A MAJOR UK AIM IS TO CHANNEL FUNDS TO THE POOREST COUNTRIES, MOST IN NEED. AN OVERALL BALANCE BETWEEN PRIORITIES IS NECESSARY. AN OVERVIEW MUST BE TAKEN OF ALL THE DEMANDS FOR "TOPPING UP" TO SEE WHAT CAN BE AFFORDED BY EACH COUNTRY IN TERMS OF ITS OWN PRIORITIES. THE JUDGMENTS MAY HONORABLY DIFFER. HE ASKED SHOULD THE UK CONTRIBUTE WHAT U.S. WOULD CONSIDER TO BE AN APPROPRIATE PERCENTAGE OF GNP TO THE IFC, WOULD THE U.S. BE WILLING TO MAKE A SIMILAR APPROPRIATE CONTRIBUTION IN TERMS OF ITS GNP TO IDA? FINANCIAL ATTACHE REPLIED THAT U.S. SUPPORT FOR IDA IS NOT DIMINISHED BY OUR BACKING FOR THE IFC EXPANSION, BUT THAT WE BELIEVE A BALANCED IFC AND IDA APPROACH IS ESSENTIAL. WIDDUP ASKED WHAT DOES US MEAN BY BALANCED? IN REPLY TO QUESTION, FINANCIAL ATTACHE SAID HE OBVIOUSLY COULD NOT GUARANTEE THAT U.S. CONGRESS WOULD FULLY SUPPORT ALL RECOMMENDATIONS THAT THE ADMINISTRATION MIGHT MAKE ON IDA REPLENISHMENT. WIDDUP AND BURGNER GAVE THEIR PERSONAL VIEW THAT BRITISH PARLIAMENT

CONFIDENTIAL

PAGE 03 STATE 263556

WOULD FIND IT EASIER TO VOTE FOR IDA REPLENISHMENT THAN FOR IFC CAPITAL REPLENISHMENT, REFLECTING DIFFERING NATIONAL APPROACHES AND POLITICAL PRIORITIES.

4. COMMENT: DISCUSSION WAS CORDIAL, WITH WIDDUP STRESSING THAT IN TERMS OF ITS OWN CONTRIBUTIONS, HMG VIEWS APPARENTLY DIFFER WITH U.S. ON SOME OF THE MAJOR PRIORITIES IN THE OVERALL DEVELOPMENT AID FIELD. HE ECHOED

POINTS ALSO STRESSED BY OTHER H.M. TREASURY OFFICIAL IN  
CONNECTPON WITH CFF EXPANSION (SEPTTEL), WITH SO MANY NEW  
DEMANDS FOR FUNDS AND EXPANSION OF EXISTING OR CREATION OF  
NEW FACILITIES, AN OVERVIEW AND SHARPER ESTABLISHMENT OF  
PRIORITIES IS NECESSARY; QUESTION OF WHERE WILL FUNDS  
COME FROM NEEDS TO BE ANSWERED BEFORE PROGRESS CAN BE  
MADE; CARE MUST BE TAKEN NOT TO OVERLY AROUSE HOPES OF  
LDCS, CREATINE EXPECTATIONS THAT WILL NOT BE MET.

RICHARDSON UNQTE. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC GROWTH, LESS DEVELOPED COUNTRIES, CAPITAL (FINANCE), DEVELOPMENT PROGRAMS, PROPOSALS (BID), MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** SmithRJ  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE263556  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** OASIA/DPPO:EJGORDON/CB  
**Enclosure:** n/a  
**Executive Order:** X1  
**Errors:** N/A  
**Film Number:** D750386-0960  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751170/aaaacldn.tel  
**Line Count:** 125  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN TRSE  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 242712, 75 STATE 254120  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** SmithRJ  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 APR 2003 by BoyleJA>; APPROVED <03 OCT 2003 by SmithRJ>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** VT: IFC CAPITAL REPLENISHMENT  
**TAGS:** EAID, EFIN, UK, IFC  
**To:** NEW DELHI  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006